

Lending Risk Assessment Questionnaire

	Yes	No		Yes	No
General Questionnaire			<ul style="list-style-type: none"> The need to employ personnel with specialized knowledge and experience? Community service obligations? .. Possible conflicts of interests? 		
1. Has the board of directors, consistent with its duties and responsibilities, adopted written loan portfolio management policies and objectives that:			2. Are loan portfolio management policies and objectives reviewed at least annually to determine if they are compatible with changing market conditions?		
a. Establish suggested guidelines for distribution of loans in commercial, real estate, and installment categories?			3. Are the following reported to the board of directors or its committees at their regular meetings (at least monthly):		
b. Establish geographic limits for loans?..			a. Past-due single-payment notes?		
c. Establish guidelines for aggregate outstanding loans in relation to other balance sheet categories?			b. Notes on which interest only is past due?		
d. Establish loan authority of committees and individual lending officers?			c. Term loans on which one installment is past due? (These might be listed in aggregate for smaller loans, such as consumer and mortgages, depending on the size of the institution.)		
e. Define acceptable types of loans?			d. Total outstanding loan commitments?		
f. Establish maximum maturities for various types of loans?			e. Loans requiring special attention?		
g. Establish loan pricing?			f. Loan modifications, renewals, or restructured loans?		
h. Establish appraisal policy?			4. Are reports submitted to the board or its committees rechecked by a designated individual for possible omissions before their submission?		
i. Establish minimum financial information required at inception of credit?			5. Are written applications required for all loans?		
j. Establish limits and guidelines for purchasing loans?			6. Are credit files maintained for all borrowers?		
k. Establish guidelines for loans to affiliates/affiliated persons?			7. Does the credit file contain information on:		
l. Establish collection procedures?			a. The purpose of the loan?		
m. Define the duties and responsibilities of loan officers and loan committees?					
n. Outline loan portfolio management objectives that acknowledge:					
• Concentrations of credit within specific industries?					

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b. The planned repayment schedule?			c. Determines that loan approvals are within the limits of the institution's lending authority?		
c. The disposition of the loan proceeds? .			d. Determines that notes are being initially approved by the loan officer? ..		
8. Does the institution require periodic submission of financial statements by all commercial borrowers (including commercial real estate borrowers whose loans are not fully secured by readily marketable collateral?)			e. Ascertains that new loans are within the limitations set for the borrower by corporate resolution?		
9. Is a system maintained to ensure that current financial information is requested and received?			f. Rechecks the preparation of maturity and interest notices?		
10. Does the institution require submission of audited financial statements based on dollar amount of commitment (if so, state the dollar minimum \$_____)?			g. Examines entries to various general ledger loan controls?		
11. Does the institution perform a credit investigation on proposed and existing borrowers for new loan applications?			h. Confirms collateral and loans with customers on a test basis?		
12. Is it required that all loan commitments be in writing?			16. Does the institution have a loan review section or the equivalent?		
13. Are lines of credit reviewed and updated at least annually?			17. Is the loan review section independent of the lending function?		
14. Are borrowers' outstanding liabilities checked to appropriate lines of credit before granting additional advances?			18. Are the initial results of the loan review process submitted to a person or committee that is also independent of the lending function?		
15. Is there an internal review system (it may be a function of loan servicing or the internal audit department) that covers each department and:			19. Are all loans exceeding a certain dollar amount selected for review?		
a. Rechecks interest and maturity date computations?			20. Do lending officers recommend loans for review?		
b. Reexamines notes for proper execution, receipt of all required supporting papers, and proper disclosure forms?			21. Is a method, other than those detailed in steps 19 or 20, used to select loans for review (if so, provide details)?		
			22. Are internal reviews conducted at least annually for all lending areas?		
			23. In an officer identification system, are guidelines in effect that define the consequences of an officer withholding a loan from the review process?		

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24.	Is the institution's problem loan list periodically updated by the lending officers?			31.	Is a systematic and progressively stronger follow-up notice procedure used for delinquent loans?.....		
25.	Does the institution maintain a list of loans reviewed indicating the date of the review and the credit rating?			32.	Does the institution maintain records in sufficient detail to generate the following information by type of advance:		
26.	Does the loan review section prepare summations to substantiate credit ratings including "pass" loans?			a.	The cost of funding loans?.....		
27.	Are loan review summations maintained in a central location or in appropriate credit files?			b.	The cost of servicing loans including overhead?		
28.	Are follow-up procedures in effect for internally classified loans including an updated memorandum to the appropriate credit file?			c.	The cost factor of probable losses?		
29.	Are loan records retained in accordance with record retention policy and legal requirements?			d.	The programmed profit margin?		
30.	Are new notes microfilmed daily?			33.	Has the institution conducted industry studies for those industries in which it is a substantial lender?.....		

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